



Health Services
LOS ANGELES COUNTY

October 20, 2009

**Los Angeles County
Board of Supervisors**

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Robert G. Splawn, M.D.
Interim Chief Medical Officer

313 N. Figueroa Street, Suite 912
Los Angeles, CA 90012

Tel: (213) 240-8101
Fax: (213) 481-0503

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The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**REQUEST TO ACCEPT COMPROMISE OFFERS OF SETTLEMENT
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

To request Board approval for the Interim Director of Health Services (Director) to accept compromise offers of settlement for patients who received medical care at County facilities. The compromise offers of settlement referenced below are not within the Director's authority to accept.

IT IS RECOMMENDED THAT YOUR BOARD:

Authorize the Director or his designee, to accept the attached compromise offers of settlement, pursuant to Section 1473 of the Health and Safety Code, of the following individual accounts:

(1) Account Number	LAC+USC – Various	\$	4,560
(2) Account Number	RLANRC – Various	\$	27,000
(3) Account Number	MLK/D – 6271205	\$	54,397
(4) Account Number	H/UCLA – 9760796	\$	1,062,690

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The compromise offers of settlement for patient accounts (1) - (2) are recommended because the patients are unable to pay the full amount of charges and the compromise offers represent the maximum amount the Department was able to negotiate or was offered under the legal settlement involved in these cases. The compromise offers of settlement for patient accounts (3) – (4) are recommended because the offer is the highest amount that could be negotiated with the patient's insurance provider (Commercial or HMO) under the circumstances of the case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary co-insurance or deductible obligations.

The best interests of the County would be served by approving the acceptance of these compromises, as it will enable the Department of Health Services (DHS) to maximize net revenue on these accounts.

Implementation of Strategic Plan Goals

The recommended action supports Goal 1, Operational Effectiveness, of the County's Strategic Plan.

FISCAL IMPACT/FINANCING

This will expedite the County's recovery of revenue totaling approximately \$1,148,647.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Under County Code Chapter Section 2.76.046, the Director has the authority to reduce patient account liabilities by the greater of i) \$15,000, or ii) \$75,000 or 50% of the account balance, whichever is less. Any reduction exceeding the Director's authority requires Board approval.

On January 15, 2002, your Board adopted an ordinance granting the Director authority to compromise or reduce patient account liabilities when it is in the best interest of the County to do so.

Typically, recoveries in legal settlements are divided approximately into thirds between plaintiff, plaintiff's attorney, and all medical lien holders, which would include the County's lien. Factors that contribute to each party receiving more or less than one-third of the recovery include the number of medical lien holders, the patient's attorney retainer agreement, and costs accrued by the patient during the legal process.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Maximizing net revenues on patients who received medical care at County facilities will help DHS meet its budgeted revenue amounts.

Respectfully submitted,



John F. Schunhoff, Ph.D.
Interim Director

JFS:lg (R:\LMARTINEZ\COMPROMISEBRO\LTR#82\LETTER HSA)

Attachments (4)

c: Chief Executive Officer
Acting County Counsel
Executive Officer, Board of Supervisors

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 1
DATE: OCTOBER 20, 2009

Balance Due	\$93,698	Account Number	Various
		Service Type	Inpatient & Outpatient
		Date of Service	Various
Compromise Amount Offered	\$4,560.22	% Of Balance	5 %
Amount to be Written Off	\$89,137.78	Facility	LAC+USC Medical Center

JUSTIFICATION

This patient was involved in an automobile versus automobile accident. As a result of this accident, the patient was treated at LAC+USC Medical Center and had a balance due of \$93,698 for medical services rendered. The patient had limited scope Medi-Cal that did not cover the full length of stay. The patient's third party liability (TPL) claim settled for \$15,000, the policy limit carried by the party responsible at the time of the accident, and her attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$4,015.25	\$4,015.25	27 %
Lawyer's Cost *	\$879.57		
LAC+USC Medical Center **	\$51,124	\$4,560.22	30 %
Other Lien Holders **	\$9,631.59	\$3,924.53	26 %
Patient		\$2,500	17 %
Total		\$15,000	100%

* The attorney agreed to waive his cost.

** Lien holders are receiving 56% of the settlement (30 % to LAC+USC Medical Center and 26 % to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet her obligation to LAC+USC Medical Center. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 2
DATE: OCTOBER 20, 2009

Total Charges	\$69,196	Account Number	Various
Amount Paid	\$0	Service Type	Inpatient & Outpatient
Balance Due	\$69,196	Date of Service	Various
Compromise Amount Offered	\$27,000	% Of Charges	39 %
Amount to be Written Off	\$42,196	Facility	RLANRC Medical Center

JUSTIFICATION

This patient was involved in an automobile accident. As a result of this accident, the patient was treated at Rancho Los Amigos National Rehabilitation Center (RLANRC) and incurred total inpatient and outpatient charges of \$69,196 for medical services rendered. The patient was uncooperative in applying for Medi-Cal and thus, did not qualify for any of Los Angeles County's low cost/no cost programs. The patient's third party liability (TPL) claim settled for \$100,000, the policy limit carried by the party responsible at the time of the accident, and his attorney is proposing the following disbursement of the proceeds:

Disbursement	Total Claim	Proposed Settlement	Percent of Settlement
Lawyer's Fees	\$40,000	\$40,000	40 %
Lawyer's Cost			
RLANRC	\$69,196	\$27,000	27 %
Other Lien Holders	\$99,032.55	\$27,254.25	27 %
Patient		5,745.75	6 %
Total		\$100,000	100%

* Attorney's fee of 40% was agreed upon in the retainer agreement between the patient and his attorney.

** Lien holders are receiving 54% of the settlement (27 % to RLANRC and 27 % to others).

Based on the DHS' outside collection agency's assessment and recommendation, it appears that the patient is unable to pay the full amount of charges and has no source of income to meet his obligation to RLANRC. This compromise offer of settlement is recommended because it represents the maximum amount the Department will be able to receive under the legal settlement involved in the case.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 3
DATE: OCTOBER 20, 2009

Total Charges	\$134,070	Account Number	6271205
Amount Paid	\$8,653.97	Service Type	Inpatient
Balance Due	\$125,416.03	Date of Service	7/16/05 - 7/26/05
Compromise Amount Offered	\$54,397.06	% Of Charges	43 %
Amount to be Written Off	\$71,018.97	Facility	MLK/D Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.

DATA FOR COMPROMISE SETTLEMENT

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES

TRANSMITTAL No. 4
DATE: OCTOBER 20, 2009

Total Charges	\$1,250,223	Account Number	9760796
Amount Paid	\$0	Service Type	Inpatient
Balance Due	\$1,250,223	Date of Service	1/9/09 - 4/28/09
Compromise Amount Offered	\$1,062,689.55	% Of Charges	85 %
Amount to be Written Off	\$187,533.45	Facility	H/UCLA Medical Center

JUSTIFICATION

The above compromise offer of settlement is the highest amount that the patient's insurance (Commercial or HMO) could offer under the circumstances of this case, and receipt of such insurance proceeds prevents further collection from the patient, except for possible beneficiary coinsurance or deductible obligations.